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Constrained costs and audience growth drive strong first half performance for TVNZ

TVNZ reported EBITDAF of \$55.8 million for the six months to 31 December 2020, \$29.5 million (112%) above the prior year.

Total revenue was down \$3.3 million (1.9%) to \$175.7 million reflecting the impact of Covid-19 lockdown restrictions on demand for advertising in the early months of the period. Revenue has steadily improved as the year has progressed, driven by improved share of TV market revenue and continued strong growth in digital advertising.

Operational expenses of \$119.9 million are \$32.8 million (21.5%) lower than last year. \$24.2 million of this decrease is mainly due to lower spend on content due to Covid-19 supply chain impacts. A further \$8.6 million savings were achieved from cost containment initiatives across the business.

TVNZ reported a FY2021 interim Net Profit After Tax of \$33.9 million, up \$18.2 million (115%) year on year, after accounting for a \$13.2 million tax expense.

Kevin Kenrick, TVNZ Chief Executive reflected on the six months.

“I’m proud of the way the TVNZ team has responded to challenges confronting the industry at the start of this financial year. Many New Zealanders took the opportunity to trial TVNZ content while locked down at home and its pleasing to see so many of them become regular viewers of our news and entertainment shows. 2.8 million people are watching our TV channels each week and TVNZ OnDemand is attracting a record weekly audience of 473,400.*

TVNZ adopted a three phased response to the impacts of Covid-19 on the business – refocus, recover, reimagine. Halfway through this financial year our financial position has recovered strongly and the business is set up well to accelerate our digital transformation plans and reimagine the future of TV.”

TVNZ generated \$48.2 million cash flow from operating activities for the six month period and is confident it has sufficient cash on hand to fund itself without needing to access capital from the Share Subscription facility negotiated last year. Based on this improved outlook, the TVNZ Board has decided to repay the wage subsidy of \$4.9 million received in 2020. TVNZ is grateful for the assistance offered by the Government at a time of great uncertainty and significant income reduction.

The success of the business is reliant on the audience appeal of content and the standout performer in the first six months has been the line-up of local news and current affairs shows. Our primetime daily news programmes are attracting record audiences and it was particularly pleasing to see 1 NEWS acknowledged as New Zealand’s most trusted source of Covid-19 information in 2020.

The second half of the year will see a continued commitment to news leadership; plenty of live sport action including the PRADA America's Cup, International T20 and Super Smash cricket and hopefully the Tokyo Olympic and Paralympic Games. In addition, TVNZ is producing content for its most significant investment in local entertainment content for more than a decade.

The positive audience and revenue momentum generated in the first half of the financial year has continued into 2021 and TVNZ is on track to significantly exceed its financial year 2021 Statement of Performance Expectations.

** Source: Nielsen TAM, Consolidated, 05+, All Day, Jul-Dec 20), Google Analytics, AP, Jul-Dec 20, Includes Freeview and Simulcast*

Financial Highlights Summary - Six Months Ended 31 December 2020

	31/12/2020	31/12/2019
	\$'000	\$'000
Revenue and income	175,710	179,045
<i>Advertising revenue</i>	<i>163,814</i>	<i>170,326</i>
Content expenditure	(68,216)	(92,435)
Non-Content expenditure	(51,706)	(60,325)
EBITDAF	<u>55,788</u>	<u>26,285</u>
Depreciation and amortisation	(8,900)	(10,268)
Net interest and other gains/(losses)	254	(241)
Net Profit before tax	<u>47,142</u>	<u>15,776</u>
Income Tax	(13,200)	0
Net Profit after tax	<u>33,942</u>	<u>15,776</u>

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